The business magazine of the farm & industrial equipment industry

June 7, 1982
TWO DOLLARS

Implement & Tractor

SO-CAL FORD'S 'PROFIT PARTNERS'

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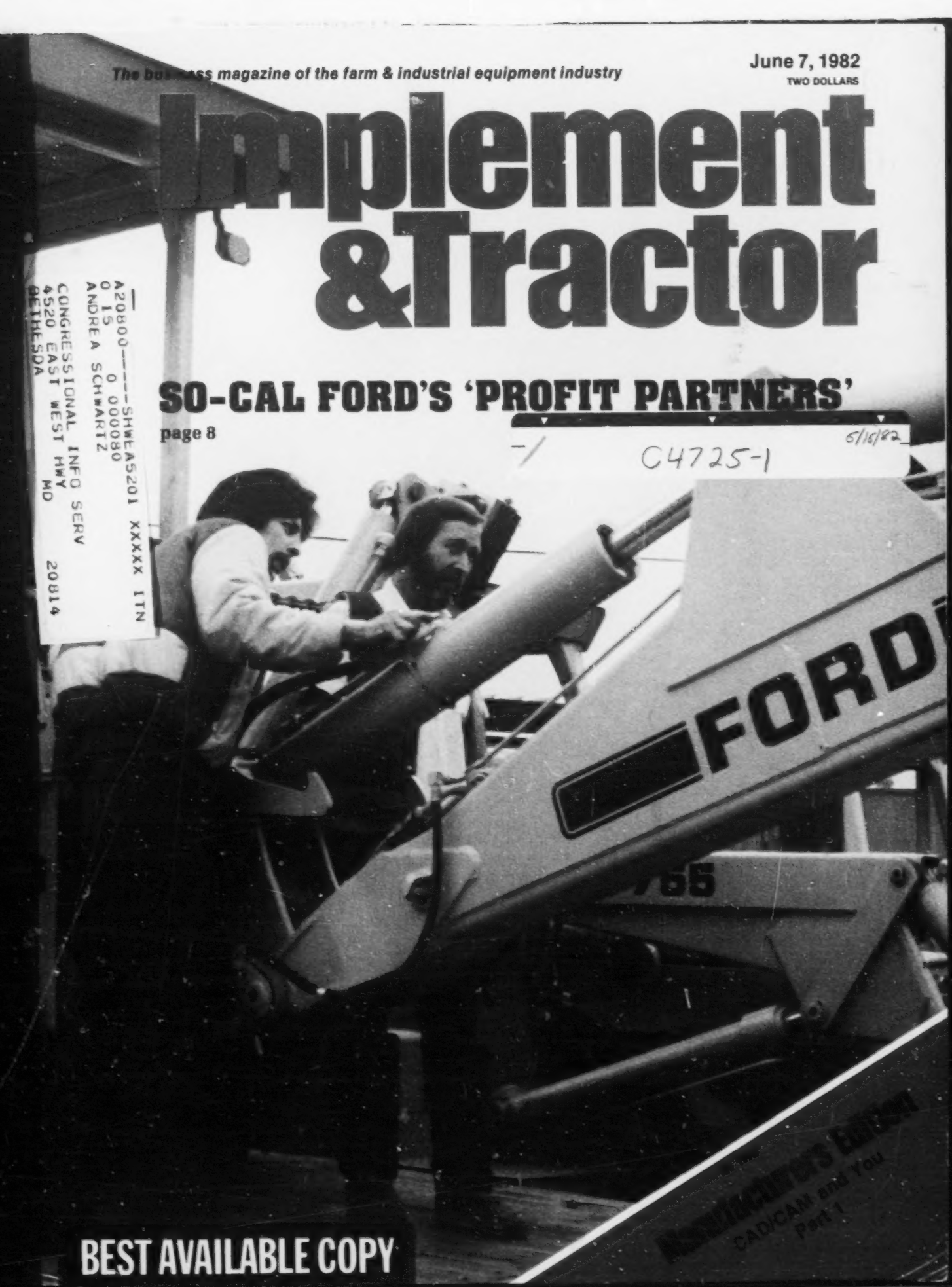

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Implement & Tractor

The business magazine of the farm & industrial equipment industry

June 7, 1982 • Vol. 97 • No. 13

'YEAR OF THE SALESMAN' FOCUSES ON INCENTIVES

8: **"Profit Partners" at So-Cal Ford Tractors.** Jim Anderson set up his salesmen's incentive pay program to reflect the quality of the deals they generate. Additional incentives are added on tough-to-move items.

10: **Making Special Sales Incentive Programs Work.** Walt Buescher, our sales commentator, recalls special incentive campaigns that got the job done. One rule: Keep it simple.

12: **Sales Forecast Update by Marketing & Management Conference.** The revised sales outlook is less optimistic for the remainder of 1982. Marketing executives expect dollar volume of farm equipment retail business to be off by 3 per cent from 1981.

18: **Checking Out Those Air Seeders.** Studies of the recently arrived air seeder have been reported on by the Prairie Agricultural Machinery Institute and by ag engineers at Iowa State and Kansas State universities.

34: **Deals and Promotions.** This is a quick look at current programs offered by manufacturers to help their dealers move products.

On the cover... Pete Carrera is one of the So-Cal Ford salesmen. Here, he's checking out inventory on the lot. On the cover, he's pointing out features to a prospect.

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What's Ahead...

June 7, 1982

U.S. RETAIL SALES THROUGH APRIL showed declines in all product categories listed by the Farm & Industrial Equipment Institute's monthly flash report. A further piece of downbeat news is that the increase in sales of tractors over 100 horsepower recorded in March was an error. March volume in that product category actually was down 15.4 per cent, rather than up by 2.8 per cent, as indicated earlier. The full April flash report:

	Unit Retail Sales					
	April			January-April		
	1982	1981	Pct. Change	1982	1981	Pct. Change
Farm Wheel Tractors:						
2-wheel drive						
40-100 hp	4,364	5,958	-26.8	14,269	17,234	-17.2
Over 100 hp	3,146	4,846	-35.1	12,099	13,979	-13.4
Total 2-wheel drive	7,510	10,804	-30.5	26,368	31,213	-15.5
4-wheel drive	777	1,091	-28.8	2,704	3,410	-20.7
Total Tractors	8,287	11,895	-30.3	29,072	34,623	-16.0
Combines (S-P)	590	920	-35.9	2,960	4,739	-37.5
Balers*	386	670	-42.4	1,302	2,138	-39.1
Forage Harvesters**	172	269	-36.1	787	991	-20.6
Mower-Conditioners	623	862	-27.7	2,186	2,944	-25.7

*Bales under 200 lbs. **Shear-bar type.

NATIONWIDE CROP LOSSES FROM AIR POLLUTANTS may be as high as $5 billion, says Anton Endress, U. of Illinois botanist, and that is only counting the effects of ozone on corn, soybeans, wheat and peanuts. He added that the losses are probably even greater because of other pollutants for which there are no good figures, such as acid rain. Endress says that sulfur dioxide and nitrogen oxides primarily result from burning coal; in the presence of sunlight, the nitrogen oxides and hydrocarbons react chemically to convert some of the oxygen into ozone.

INTERNATIONAL CONFERENCE ON PLANT AND VEGETABLE OILS AS FUELS, set for Aug. 2-4 at the Fargo, N.C., Holiday Inn, will feature over 50 papers covering such topics as fuel specs and additives, short- and long-term engine performance and durability, and oil production. Sponsor is the American Society of Agricultural Engineers, with co-sponsorship by 21 other groups. Featured speaker is Melvin Calvin, U. of California, winner of the Nobel Prize in chemistry.

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THE 1982 SALES OUTLOOK
(Retail sales of units, United States)

Product	As It Looked In January Unit Sales	Pct. Change From 1981	As It Looked In May Unit Sales	Pct. Change From 1981
Tractors				
Under 40 HP	48,000E	+0.8	47,300E	– 1.0
40-99 HP	51,000	+0.1	49,500	– 2.9
100 HP and over	43,350	+0.4	43,200	+ 0.1
Four-wheel drive	10,265	+6.1	9,625	– 0.6
Total over 40 HP	105,700	+1.8	102,800	– 1.0
S-P Combines	27,755	+3.5	25,000	– 6.8
Corn Heads	18,040	+7.4	15,500	– 1.3
Forage Harvesters (1)	7,900	+3.9	7,500	– 1.4
Conventional Balers (2)	13,500	–0.8	13,200	– 3.3
Big Balers (3)	17,000E	+3.1	16,450	0.0
Windrowers	6,600	–1.5	5,950	– 9.9
Mower-Conditioners	18,900	+2.0	18,150	– 2.0
Moldboard Plows	17,000E	–8.1	16,650E	– 10.0
Disk Harrows	47,500E	+5.3	42,430E	– 5.7
Field Cultivators	14,650E	+4.7	14,000	0.0
Chisel Plows	14,100E	+4.8	13,175	– 2.0
Grinder-Mixers	6,700	+7.2	6,350	+ 1.8
Manure Spreaders (4)	13,350	+1.9	13,350	+ 1.9

E – I&T estimates. (1) Shear-bar type. (2) Bales under 200 lbs. (3) Bales over 200 lbs. (4) Box type.

Source: Farm & Industrial Equipment Institute

FIEI Marketing & Management Conference

HANGING IN FOR THE SHORT TERM

By Bill Fogarty

Will total dollar retail sales be down 3 per cent this year? That's the median "State of the Industry" forecast for the rest of 1982. The long-term outlook is seen as pretty good – for survivors.

Robert L. Green, marketing manager for the J I Case Agricultural Group, delivered the report to the FIEI Marketing & Management Group at Ohio State U. May 20.

■FORECAST TIME has come again. The Farm & Industrial Equipment Institute's Marketing & Management Conference met at Ohio State U. May 20-21 and delivered its semi-annual consensus sales outlook report.

An update of its January forecast covering 1982, with a brief peek at 1983, the outlook report takes the views of industry marketing executives, who predict percentage changes up or down in unit sales of products they handle, and comes up with a median figure.

The hopes expressed last January for modest improvements in most product categories had given way to lesser expectations in May. Unit sales at the start of the year had been expected to go up in all product categories except balers (bales under 200 lbs.), windrowers, and moldboard plows. The second round of forecasts indicated *1982 declines in all products* except tractors over 100 hp, big balers, field cultivators, grinder-mixers and manure spreaders.

In terms of overall dollar volume, the group indicated that 1982 would show a decline of 3 per cent from 1981 business. However, the 45 participants in that estimate saw variations over a wide area. Seven predicted increases of 4 to 7.5 per cent. Fifteen executives saw dollar volume ending up plus 3 to minus 3 per cent; nine others predicted it would be down anywhere from minus 4 to minus 7 per cent. And 13 more picked the decline from minus 8 to minus 20 per cent.

When the FIEI marketing executives get to estimating the fortunes of individual product groups, industry-wide, the spread can be very narrow or very substantially dispersed. Some examples:

Total tractors: Nine participants; top estimate, up 1.2 per cent; the

(More...)

Sales Forecast *(continued)*

low, down 3.2 per cent; median, down 1.0 per cent.

Forage harvesters: Nine participants. One sees a whopping 37 per cent increase, another calls it down 15.8 per cent. The rest are scattered between plus 1.3 and off 7.9 per cent. Median—down 1.4 per cent.

Four-wheel-drive tractors: There are 12 participants in this estimate, running their picks from up 5.3 to off 12.2 per cent. Median is off 0.6 per cent.

up 5 to 10 per cent next year over last year.

Tractors: Five participants ranging from plus 1 to plus 10 per cent; median—plus 8 per cent.

Combines: Four estimates from up 11 per cent to down 7 per cent. Median is up 3.5 per cent.

Hay and forage equipment: Seven forecasts from up 12 per cent to down 19 per cent. Median—up 2 per cent.

Tillage and crop equipment: Seven estimates from up 10 per cent to no change from 1981. Median is plus 8 per cent.

AGRI-EQUIPMENT SALES FORECASTS, 1982, 1983
(Per cent change, retail dollar volume)

Product Group	As It Looked In January		As It Looked In May
	1982	1983	1982
Chemical Application Equipment	+ 6.0	+ 5.0	+ 5.0
Portable Augers, Elevators	+ 5.0	+ 10.0	+ 5.0
Bin-Type Crop Dryers	+ 10.0	+ 10.0	+ 10.0
Batch, Continuous-Flow Crop Dryers	0.0	+ 8.0	- 7.5
Farmstead Equipment			
Dairy, Beef	0.0	+ 10.0	0.0
Hogs	+ 3.0	+ 13.0	+ 2.5
Grain Bins	+ 10.0	+ 10.0	+ 10.0
Milking Machines	0.0	+ 5.0	- 5.0

Source: Farm & Industrial Equipment Institute

Moldboard plows: One executive sees a moldboard resurgence this year of 20 per cent. The other six see unit volume down anywhere from about 1 per cent to 17 per cent.

Balers (under 200 lbs.): Five participants, two seeing a dip of 1.1 per cent; the biggest pessimist says it will slide to 6.9 per cent. Median—minus 3.3 per cent, a fairly tight cluster.

Changes in 1983

The group took a limited shot at forecasting 1983. Forty-three of them predicted that overall unit sales would be up a median of 5 per cent over *1981* results. The group was forecasting a spread, however, of plus 15 (three participants) to minus 15 per cent (two others). Twenty of the group saw sales going

Long-term outlook

In both the January and May questionnaires, marketing executives were asked to write in their views about both the short-term and long-term outlooks of the industry.

In January, most of the responses talked of difficulties in the near future, weak sales for several months ahead, and bright prospects for the rest of the decade, starting in late 1982 or 1983.

Four months later, the responses were generally on the same track, with the arrival of an upturn tending to be delayed. Similarly, the long haul appears favorable through the 'eighties. However, this time there is more reference to "surviving companies" sharing in a future prosperity.

What respondents said in January appeared in I&T Feb. 7 (page 4, "What's Ahead"). What follows are quotes extracted from the May survey.

"**Long term,** stronger companies will (form) a viable, profitable industry. There could be spot shortages of equipment during rebuild cycle."

"**Demand** for U.S. foods and grain will increase farmer profits after 1985 and into the 1990s. Those who survive will make money."

"**Short term**—debt repayment will take precedent over capital purchases."

"**Long term** may be good, but just how many will be around to participate?"

"**Survivors** will be larger and experience a boom business as pent-up demand is released. Demand will exceed supply of farm equipment for 12 to 18 months as recovery begins."

"**Even if conditions** improve, the industry will never regain its mid-seventies size."

"**Tough in 1982,** but good to excellent throughout the 1980s."

"**This decade,** as a whole, should produce unprecedented demand for farm equipment due to growing world population, high exports, world agricultural development."

"**Industry will** show a turnaround in April, 1983, with a gradual up-

(Continued on page 28)

Comment

I&T has sometimes dished out what may have appeared to be a collective spanking to participants in this semi-annual concensus forecast. Actually, our complaint has been against those who don't estimate by the house rules. The idea is to predict what a product's sales will be—across all brands and around the country. Some forecasters appear to be predicting the fate only of their own products, and many of these are strong in certain parts of the country and weak in others. Since the FIEI "State of the Industry" forecast is the only public device of its type, it deserves all the sober consideration that can be brought to it.

But as for expecting the industry's marketing executives to be able to predict the trends that will move farm equipment sales up or down...that's just too much to ask. To make an accurate call, the forecaster would have to have a faultless long-range weather prediction; an understanding of political currents in Latin America, the Soviet Union, the Common Market, Japan and the U.S.; insight as to what Congress will do next, and worldwide cash reserves available for grain purchases. Good luck to all forecasters.

—Bill Fogarty

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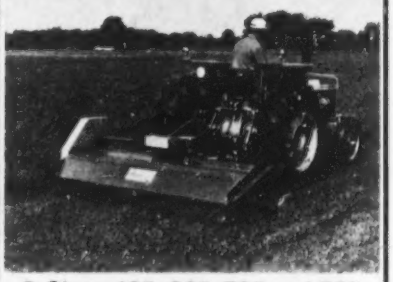

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(continued)

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Circle (83) on Reply Card

(Continued on page 30)

Sales Forecast

(Continued from page 14)

turn to November, 1984. Democrats winning in 1984 will provide better farmer income for four years; if not, more of the same."

"**1982**—more emphasis on minimum and no-till farming and equipment. 1980s—same plus greater emphasis on fuel-efficient tractors due to the rapid rise in diesel prices."

"**The only** short-term assistance will be for those companies who become much more aggressive from a sales standpoint. They may experience reduced profit as a reflection of give-away programs. In the longer run, we will see many more mergers plus some old established concerns demise."

"**Slow turnaround** starting late 1982, gradual increase through 1983 into an average 1984. Increasing at an exaggerated pace through 1985 and 1986, peaking 1987 or 1988."

"**Long term:** Survivors will be strong."

"**Continued** repairing of equipment always stops at some point. It can't go on forever." I&T

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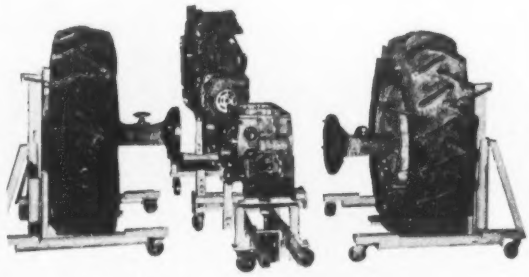

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